



2022

NACUBO-TIAA Study of Endowments





2022

NACUBO-TIAA Study of Endowments

Annual report from the National Association of College and University Business Officers and TIAA on higher education endowment and foundation investment performance and management practices.

Welcome

We are pleased to bring you the *2022 NACUBO-TIAA Study of Endowments*, the preeminent analysis of the financial, investment, and governance policies and practices of the nation's endowed institutions for higher education. This year's Study reflects the responses of 678 institutions representing \$807 billion in endowment assets.

The 2022 Study marks the fifth year of collaboration between NACUBO and TIAA to produce this leading analysis of endowments. The NACUBO-TIAA Study of Endowments is a natural outgrowth of our long-standing relationship and our shared objective of supporting colleges and universities. Our goal is to continue to evolve and enhance this important tool for endowment decision-makers.

This Study is one of the many ways that NACUBO works to help ensure the success of colleges and universities. Since 1962, NACUBO has been an indispensable source of clear, trusted knowledge for campus leaders—providing a bold voice, collaboration, and resources to tackle higher education's evolving challenges.

TIAA was created to provide a secure, dignified retirement for employees of higher education institutions. Now in its second century, TIAA remains committed to helping the five million people and 15,000 institutional clients that it serves.

To those who participated in the Study, we thank you for your contributions and your dedication to higher education, especially in these challenging times.

Sincerely,



Lynne C. Schaeffer
Interim President & CEO
NACUBO



Thasunda Brown Duckett
President & CEO
TIAA

Tables of contents

CHAPTER 1	
Market commentary and investment environment	12
CHAPTER 2	
Endowment values and inflows	19
CHAPTER 3	
Endowment spending.	25
CHAPTER 4	
Investment returns	36
CHAPTER 5	
Asset allocation	45
CHAPTER 6	
Debt	55
CHAPTER 7	
Responsible investing.	62
CHAPTER 8	
Portfolio management and investment office.	71
CHAPTER 9	
Impact investing for endowments	80
APPENDIX	
Appendix I	About TIAA and NACUBO
Appendix II	Tables by size of endowment.
Appendix III	Tables by type of endowment
Appendix IV	Participating institutions.
Appendix V	Glossary of terms.
	88
	89
	133
	179
	191

List of figures

Tables by size of institution

Figure number	Title
Figure 2.1-s	Institutions by size
Figure 2.2-s	Average market value of endowment asset
Figure 2.3-s	Total market value of life income assets
Figure 2.4-s	Total market value of donor advised fund assets
Figure 2.5-s	New gifts to the endowment
Figure 2.6-s	Percentage of gifts to the endowment with a restricted purpose directed to diversity, equity, and inclusion
Figure 2.7-s	Student-managed endowment fund
Figure 2.8-s	Market value of student-managed fund
Figure 2.9-s	Annualized one-year net rate of return for student-managed fund
Figure 3.1-s	Withdrawals from endowment
Figure 3.2s	Special appropriations to spending
Figure 3.3-s	Spending policy distribution by functions
Figure 3.4s	Average annual effective spending rates
Figure 3.5s	Percentage of operating budget funded by endowment
Figure 3.6s	Spending policy
Figure 3.7s	Spending policy percentage of moving average time period
Figure 3.8s	Weighted-average or hybrid weighting of different methods
Figure 3.9s	Change your spending policy or rule
Figure 3.10s	Reasons for changes to spending policy rule
Figure 3.11s	Considering change spending rate in next 2 - 3 years
Figure 3.12s	Annual fee to the endowment to cover the administrative costs
Figure 3.13s	One-time fee
Figure 4.1s	Average 1-, 3-, 5-, 10-, 15-, 20-, and 25-year net annualized returns
Figure 4.2s	One-year returns by percentile
Figure 4.3s	Three-year returns by percentile

Figure number	Title
Figure 4.4s	Five-year returns by percentile
Figure 4.5s	10-year returns by percentile
Figure 4.6s	15-year returns by percentile
Figure 4.7s	20-year returns by percentile
Figure 4.8s	25-year returns by percentile
Figure 4.9s	Target nominal return assumptions by category
Figure 4.10s	Percentage of your total endowment was underwater as on fiscal year 2022 and 2021
Figure 5.1s	Asset allocations (dollar-weighted)
Figure 5.2s	Asset allocations (equal-weighted)
Figure 5.3s	Detailed asset allocations (equal-weighted)
Figure 5.4s	Detailed asset allocations (dollar-weighted)
Figure 5.5s	U.S. equities asset mix (dollar-weighted)
Figure 5.6s	Non-U.S. equities asset mix (dollar-weighted)
Figure 5.7s	Fixed Income asset mix (dollar-weighted)
Figure 5.8s	Average return for asset class
Figure 5.9s	IPS allows digital assets investment
Figure 6.1s	Long-term debt
Figure 6.2s	Long-term debt levels
Figure 6.3s	Changes to debt
Figure 6.4s	Long-term debt policy
Figure 7.1s	In equities, do you integrate responsible investing criteria into endowment portfolio construction?
Figure 7.2s	In marketable alternatives, do you integrate responsible investing criteria into endowment portfolio construction?
Figure 7.3s	In fixed income, do you integrate responsible investing criteria into endowment portfolio construction?
Figure 7.4s	In real assets, do you integrate responsible investing criteria into endowment portfolio construction?
Figure 7.5s	Average number of investment managers used organized
Figure 7.6s	Most significant reasons for not pursuing ESG, SRI, or impact investing practices
Figure 7.7s	Align your portfolio to the UN Sustainable Development Goals (SDGs)
Figure 7.8s	Institution a signatory to the UN Principles for Responsible Investment (PRI)
Figure 7.9s	Responsible investing approach can be the source of alpha in investment management

Figure number	Title
Figure 7.10s	Responsible investing practices by overall strategy
Figure 7.11s	Responsible investing factor into investment manager due diligence and evaluation process
Figure 7.12s	Students' interest in the issue of responsible investing changed compared to last fiscal year
Figure 7.13s	Alumni interest in the issue of responsible investing changed compared to last fiscal year
Figure 7.14s	Employees' interest in the issue of responsible investing changed compared to last fiscal year
Figure 7.15s	Donors' interest in the issue of responsible investing changed compared to last fiscal year
Figure 7.16s	Grant makers' interest in the issue of responsible investing changed compared to last fiscal year
Figure 7.17s	Others' interest in the issue of responsible investing changed compared to last fiscal year
Figure 7.18s	Have made changes to your investment policy statement based on third party stakeholder input
Figure 7.19s	Have made changes to your investment portfolio statement based on third-party stakeholder input
Figure 7.20s	Used OCIO/consultant to evaluate responsible investing strategy
Figure 7.21s	Anticipate that diversity and inclusion will lead to expanding responsible investing consideration in coming 12 months
Figure 8.1s	Balancing frequency and policy
Figure 8.2s	Use of OCIO to run the investment management of institution endowment
Figure 8.3s	Institution with no OCIO Resources for management of endowment
Figure 8.4s	Responsibility for conducting the following activities
Figure 8.5s	Number of separate managers your institution currently uses for the management of each category
Figure 8.6s	University has diversion and inclusion policy regarding fund manager selection
Figure 8.7s	Percentage of endowment funds invested with diverse manager
Figure 8.8s	Fee paid to investment managers

List of figures

Tables by type of institution

Figure number	Title
Figure 2.1-t	Institutions by type
Figure 2.2-t	Average market value of endowment assets
Figure 2.3-t	Total market value of life income assets
Figure 2.4-t	Total market value of donor advised fund assets
Figure 2.5-t	New gifts to the endowment
Figure 2.6-t	Percentage of gifts to the endowment with a restricted purpose directed to diversity, equity, and inclusion
Figure 2.7-t	Student-managed endowment funds
Figure 2.8-t	Market value of student-managed fund
Figure 2.9-t	Annualized one-year net rate of return for student-managed fund
Figure 3.1-t	Withdrawals from endowment
Figure 3.2-t	Special appropriations to spending
Figure 3.3-t	Spending policy distribution by functions
Figure 3.4-t	Average annual effective spending rates
Figure 3.5-t	Percentage of operating budget funded by endowment
Figure 3.6-t	Spending policy
Figure 3.7-t	Spending policy percentage of moving average time period
Figure 3.8-t	Weighted-average or hybrid weighting of different methods
Figure 3.9-t	Change your spending policy or rule
Figure 3.10-t	Reasons for changes to spending policy rule
Figure 3.11-t	Considering change to spending rate in next 2-3 years
Figure 3.12-t	Annual fee to the endowment to cover the administrative costs
Figure 3.13-t	One-time fee
Figure 4.1-t	Average 1-, 3-, 5-, 10-, 15-, 20-, and 25-year net annualized returns
Figure 4.2-t	One-year returns by percentile
Figure 4.3-t	Three-year returns by percentile
Figure 4.4-t	Five-year returns by percentile

Figure number	Title
Figure 4.5-t	Ten-year returns by percentile
Figure 4.6-t	15-year returns by percentile
Figure 4.7-t	20-year returns by percentile
Figure 4.8-t	25-year returns by percentile
Figure 4.9-t	Target nominal return assumptions by category
Figure 4.10-t	Percentage of your total endowment that was underwater as of fiscal year 2022 and 2021
Figure 5.1-t	Asset allocations (dollar-weighted)
Figure 5.2-t	Asset allocations (equal-weighted)
Figure 5.3-t	Detailed asset allocations (equal-weighted)
Figure 5.4-t	Detailed asset allocations (dollar-weighted)
Figure 5.5-t	U.S. equities asset mix (dollar-weighted)
Figure 5.6-t	Non U.S. equities asset mix (dollar-weighted)
Figure 5.7-t	Fixed income asset mix (dollar-weighted)
Figure 5.8-t	Average return for asset class
Figure 5.9-t	Does your investment policy statement (IPS) allow for investment in digital assets?
Figure 6.1-t	Long-term debt
Figure 6.2-t	Total debt with fixed and floating details
Figure 6.3-t	Changes to debt
Figure 6.4-t	Long-term debt policy
Figure 7.1-t	In equities, do you integrate responsible investing criteria into endowment portfolio construction?
Figure 7.2-t	In marketable alternatives, do you integrate responsible investing criteria into endowment portfolio construction?
Figure 7.3-t	In fixed income, do you integrate responsible investing criteria into endowment portfolio construction?
Figure 7.4-t	In real assets, do you integrate responsible investing criteria into endowment portfolio construction?
Figure 7.5-t	Average number of investment managers used organized
Figure 7.6-t	Most significant reasons for not pursuing ESG, SRI, or impact investing practices
Figure 7.7-t	Align your portfolio to the UN sustainable development goals
Figure 7.8-t	Institution a signatory to the UN principles for responsible investment
Figure 7.9-t	Responsible investing approach can be the source of alpha in investment management
Figure 7.10-t	Responsible investing practices by overall strategy

Figure number	Title
Figure 7.11-t	Responsible investing factor into investment manager due diligence and evaluation process
Figure 7.12-t	Students' interest in the issue of responsible investing changed compared to last fiscal year
Figure 7.13-t	Alumni interest in the issue of responsible investing changed compared to last fiscal year
Figure 7.14-t	Employees' interest in the issue of responsible investing changed compared to last fiscal year
Figure 7.15-t	Donors' interest in the issue of responsible investing changed compared to last fiscal year
Figure 7.16-t	Grant makers' interest in the issue of responsible investing changed compared to last fiscal year
Figure 7.17-t	Others' interest in the issue of responsible investing changed compared to last fiscal year
Figure 7.18-t	Have made changes to your investment policy statement based on third-party stakeholder input
Figure 7.19-t	Have made changes to your investment portfolio statement based on third-party stakeholder input
Figure 7.20-t	Used OCIO/consultant to evaluate responsible investing strategy
Figure 7.21-t	Anticipate that diversity and inclusion will lead to expanding responsible investing consideration in coming 12 month
Figure 8.1-t	Rebalancing frequency and policy
Figure 8.2-t	Use of OCIO to run the investment management of institution endowment
Figure 8.3-t	Institution with no OCIO-resources for management of endowment
Figure 8.4-t	Primary responsibility for conducting the following activities
Figure 8.5-t	Number of separate managers your institution currently uses for the management of each category
Figure 8.6-t	University has diversion and inclusion policy regarding fund manager selection
Figure 8.7-t	Percentage of endowment funds invested with diverse manager
Figure 8.8-t	Fees investment management

Introduction

This year, 678 institutions responded to the NACUBO-TIAA Study of Endowments (NTSE) survey, making the Study once again the largest and most comprehensive of its kind. Repeat participation rates remained extraordinarily high:

- 95% of FY2022 Study respondents also participated in the FY2021 Study
- 99% of the respondents in the Over \$1 billion cohort also participated in the FY2021 Study
- 99% of the respondents in the \$501 million – \$1 billion cohort also participated in the FY2021 Study

NACUBO and TIAA have closely reviewed the survey findings for FY2022 (July 1, 2021, to June 30, 2022) and prior years to identify trends in the data and address their potential implications. We hope to inspire conversations among trustees, faculty and administrators, investment managers, and others who are working toward the long-term success of higher education in America.